
Memorandum

To: Budget Standing Committee

Cc: Shelley Chemnitz
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From: Phil Cristi

Date: October 30, 2017

Subject: Explanation for increases for more than \$50,000 from the 2016
actuals to 2018 budget

Further to the direction provided by Council at the October 2nd Budget Standing Committee meeting, this memo provides a listing of all PRCS cost centres that increased by \$50,000 or more when comparing the 2018 Proposed Budget to the 2016 Actuals. Key drivers for the increase of \$50,000 or more to the applicable cost centres are defined below and further detailed in Appendix 1.

Cost Centre	Increase amount from 2016 actuals to 2018 proposed budget
Parks Operations	\$568,091
Recreation Overhead	\$231,973
Kiwanis Aquatic Centre	\$212,108
Museum	\$164,277
Administration	\$147,735
Swimming Pools and Beaches	\$119,221
Trees - General	\$102,363
Passive Park Maintenance	\$79,131

Equipment Operation Surplus	\$77,561
Cemetery	\$75,125
Tree planting/Horticulture	\$64,011
Equipment Acquisitions	\$62,000
Municipal Golf Course	\$61,467

Key drivers for increases of \$50,000 or more to individual cost centres from 2016 actuals to 2018 draft Operating Budget

The key drivers that greatest impact the increase from 2016 actuals to 2018 draft Operating Budget are defined below and further detailed for each cost centre in Appendix 1.

Minimum Wage Increase

As noted at the October 2nd Budget Standing Committee, Bill 148, Fair Workplaces, Better Jobs Act, 2017, has been approved to amend the Employment Standards Act and the Labour Relations Act. The recommended amendments include a proposed increase to the province's general minimum wage. With the change to minimum wage, PRCS as a department has a net increase of \$342,428 which is 78% of the entire City of St. Catharines impact.

Staff Transfers with Benefits Following

Benefits now Follow Work Done: Historically the benefits related to work done by staff in other areas, such as with facilities, would remain in the employees' home department. With the implementation of the new Payroll/Human Resource Information System in 2017, there is now the ability to have the benefits follow the work being done. This means that in the past the majority of employee benefits resided in the TES departmental and overhead budgets. With the new system, there is appropriate distribution to PRCS, Fire, Water and Wastewater, Parking, TES and overhead. The Chart 1 below summaries these changes and explains why the departmental increase for TES has decreased in 2018 from 2017 and why the PRCS has increased.

Chart 1 – Impact of Benefits following Work Done

Department	Presented 2018 Draft Budget	Change related to Benefits following Work Done	2018 Budget Comparable Basis to 2017 Budget	2017 Final Approved Budget	% Change from 2018 Comparable Budget to Final 2017	% Change from Presented 2018 Draft Budget to Final 2017
FEMS	\$24,910.6K	(\$19.2K)	\$24,891.4K	\$24,338.2K	2.27%	2.35%
TES	\$18,614.8K	\$481.7K	\$19,096.5K	\$18,844.3K	1.34%	-1.22%
PRCS	\$17,387.8K	(\$462.5)	\$16,925.3K	\$16,430.2K	3.01%	5.83%
Net Change		\$0				

Removal of Salary Allocation Accounts: The new Payroll/Human Resource Information System allows the City to split staff positions between departments without the need to use allocations. Therefore you will see less utilization of the salary allocation accounts in the 2018. If a staff member works in more than one department or division their wage and benefits are split to the areas where they work and amounts are included in regular wage and benefit accounts. This change has been requested for a number of years and the implementation of this new system will provide the City with the ability to make this reporting and presentation change.

Staffing

2017 Council's 1% direction

During the 2017 Operating Budget process, the BSC allocated an additional 1% to the PRCS budget. Through this increase there was an increase to the Casual/Student hours with the Parks, Cemeteries, Forestry and Horticulture division. These casual/student hours have been maintained, however they have also been redistributed within the PRCS cost centres to meet the current needs and provide the greatest benefit to the community.

Vacancies

With certain cost centres, the 2016 Actuals for staffing do not properly reflect budgetary needs as a result from staffing vacancies. When the underspent accounts from the 2016 Actuals are compared to the 2018 Proposed Budget the appearance is that the accounts have significantly increased which is not the case. Examples of these staffing changes include full-time position vacancies and mid-season casual/part-time positions vacancies.

Reallocation of Staff to cost centre(s) where the work is planned

The review of PRCS departmental staff resources is done annually during the budget process to reflect operational organization. This review does not increase staffing levels.

Approved Salary and Wage Increases

Annually approved salary and wage increases for staff as per the Collective Bargaining Agreement's and the schedule of Executive, Supervisory and Secretarial positions.

Building and Maintenance

The Building and Maintenance accounts are designed for the proper care and maintenance of the PRCS facilities. This includes building repairs, building improvements, building insurance, cleaning services, general building maintenance supplies, snow removal and utilities.

Building and Equipment Reserve Allocations

Required for the continued support of the asset and equipment management needs of PRCS.

Materials

These accounts are designed to meet the operational material needs of the PRCS cost centres. This includes bulbs/flowers, small tools/equipment, safety/protective equipment, general construction materials, general supplies, water treatment supplies, resale items and uniforms.

	2018 Proposed Budget vs. 2016 Actuals	2018 Proposed Budget	2016 Actuals	2016 Budget	Key Drivers	
Parks Operations	\$568,091	\$2,627,103	\$2,059,012	\$2,015,313	<ul style="list-style-type: none"> • Benefits redistribution from Parks Division Overhead (750.225) • Minimum wage increase impact • Staff vacancies • Reallocation of department staff resources to meet priority operational needs • 2017 Council's 1% Direction • Community Gardens Funding (as approved September 18th) • West Park Splash Pad • Increase to Revenue • Decrease to Materials 	<ul style="list-style-type: none"> • \$342,325 • \$37,224 • \$77,881 • \$18,345 • \$65,500 • \$12,500 • \$65,000 • (\$42,227) • (\$24,762)
					Total Key Drivers	\$551,786

	2018 Proposed Budget vs. 2016 Actuals	2018 Proposed Budget	2016 Actuals	2016 Budget	Key Drivers	
Recreation Overhead	\$231,973	\$957,856	\$725,883	\$784,896	<ul style="list-style-type: none"> • Allocation in 2016 • Increased Building Reserve Allocations to address infrastructure gap 	<ul style="list-style-type: none"> • \$194,800 • \$33,333
					Total Key Drivers	\$228,133
Kiwanis Aquatic Centre	\$212,108	\$1,579,151	\$1,367,043	\$1,741,873	<ul style="list-style-type: none"> • Minimum wage increase impact • Building and maintenance • Service contracts • Materials 	<ul style="list-style-type: none"> • \$102,820 • \$62,104 • \$17,163 • \$14,835
					Total Key Drivers	\$196,922

	2018 Proposed Budget vs. 2016 Actuals	2018 Proposed Budget	2016 Actuals	2016 Budget	Key Drivers	
Museum	\$164,277	\$662,048	\$497,771	\$517,146	<ul style="list-style-type: none"> • Staff transfers (from 752.120) • Lacrosse Public Programmer position requires an amendment to increase revenue 	<ul style="list-style-type: none"> • \$131,075 • \$30,482
					Total Key Drivers	\$161,557

	2018 Proposed Budget vs. 2016 Actuals	2018 Proposed Budget	2016 Actuals	2016 Budget	Key Drivers	
Administration	\$147,735	\$1,060,258	\$912,523	\$1,250,782	<ul style="list-style-type: none"> • Staff vacancies <p>Total Key Drivers</p>	<ul style="list-style-type: none"> • \$154,700 <p>\$154,700</p>
Swimming Pools and Beaches	\$119,221	\$443,344	\$324,123	\$424,879	<ul style="list-style-type: none"> • Staff transfers with benefits following • Minimum wage increase impact • Building and Maintenance <p>Total Key Drivers</p>	<ul style="list-style-type: none"> • \$39,775 • \$28,917 • \$22,553 <p>\$91,245</p>

	2018 Proposed Budget vs. 2016 Actuals	2018 Proposed Budget	2016 Actuals	2016 Budget	Key Drivers	
Trees - General	\$102,363	\$2,120,032	\$2,017,669	\$2,123,336	<ul style="list-style-type: none"> Staff vacancies (net of contracts) 	<ul style="list-style-type: none"> \$111,869
					Total Key Drivers	\$111,869
Passive Park Maintenance	\$79,131	\$489,946	\$410,815	\$460,523	<ul style="list-style-type: none"> Staff transfers with benefits following Staff vacancies The unusually dry summer reduced 2016 Grass Cutting Contract actuals 	<ul style="list-style-type: none"> \$22,876 \$29,385 \$26,909
					Total Key Drivers	\$79,170

	2018 Proposed Budget vs. 2016 Actuals	2018 Proposed Budget	2016 Actuals	2016 Budget	Key Drivers	
Equipment Operation Surplus	\$77,561	(\$196,312)	(\$273,873)	(\$280,000)	<ul style="list-style-type: none"> Equipment maintenance benefits now applied 	<ul style="list-style-type: none"> \$83,688
					Total Key Drivers	\$83,688
Cemetery	\$75,125	\$422,762	\$347,637	\$390,691	<ul style="list-style-type: none"> Staff vacancies Minimum wage increase impact Materials Equipment Operations Increased Revenue 	<ul style="list-style-type: none"> \$102,663 \$16,484 \$20,428 \$16,098 (\$122,851)
					Total Key Drivers	\$32,822

	2018 Proposed Budget vs. 2016 Actuals	2018 Proposed Budget	2016 Actuals	2016 Budget	Key Drivers	
Tree planting/Horticulture	\$64,011	\$2,119,447	\$2,055,436	\$2,033,063	<ul style="list-style-type: none"> • Minimum wage increase impact • Staff vacancies • Equipment Operations were over expended in 2016, budgeted to actuals 2018 • Increased Revenue 	<ul style="list-style-type: none"> • \$27,419 • \$111,084 • (\$35,203) • (\$10,500)
					Total Key Drivers	\$92,800

	2018 Proposed Budget vs. 2016 Actuals	2018 Proposed Budget	2016 Actuals	2016 Budget	Key Drivers	
Equipment Acquisitions	\$62,000	\$207,000	\$145,000	\$145,000	<ul style="list-style-type: none"> Equipment Reserve Provision to address the equipment funding gap <p>Total Key Drivers</p>	<ul style="list-style-type: none"> \$62,000 <p>\$62,000</p>
Municipal Golf Course	\$61,467	\$286,229	\$224,762	\$184,122	<ul style="list-style-type: none"> Minimum wage increase impact 2017 Council's 1% direction Materials <p>Total Key Drivers</p>	<ul style="list-style-type: none"> \$23,789 \$12,458 \$17,489 <p>\$53,736</p>